



THE MACHINE AGE SERIES



THE WESTERN FARMER

By G. E. BRITNELL

Pamphlet Number Six

**PUBLISHED BY THE SOCIAL SERVICE
COUNCIL OF CANADA**

FOREWORD

THIS series of pamphlets, which the Social Service Council of Canada is publishing from time to time, is intended to provide the enquiring reader with a convenient and non-technical introduction to the discussion of modern social and economic problems. The Council believes that the economic changes dealt with in these pamphlets, are, in a large measure, responsible for the growing insecurity of the masses of our population, for their poverty in the midst of plenty, and for the resulting unrest from which the whole world suffers.

Canadians are beginning to realize that despite the attainment of universal suffrage and the status of nationhood, despite the universality of education, despite the advances of science and the resulting efficiency of industry, the rank and file of the population seem to reap little or no permanent benefit from these supposed advantages. What is gained in prosperity is lost in depression, and for very many, even the gains of prosperity are pitifully small.

While the political troubles of our fathers are dead issues, our economic difficulties have become greater rather than less. New problems and new controversies are before us, most of which have already become matters of wide public concern in older industrial countries. Canada now possesses many of the characteristics of those older countries, while those parts of Canada which are not old, are none the less vulnerable.

The Social Service Council believes that the articles appearing in this series are of sufficient interest and importance in themselves to merit publication, but the Council does not, of course, assume responsibility for the opinions of the individual writers.

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THE WESTERN FARMER

NO one in Canada supposes that the burden of the depression has been evenly distributed over every group in the population. How the Canadian farmer has fared compared with other groups in the community is perhaps best illustrated by a few figures. The net income of the Canadian people fell from over six billion dollars in 1928 to less than three and a half billion dollars in 1933. The amount distributed as wages and salaries declined in about the same proportion as the national income. The people who draw dividends from Canadian companies managed to increase these dividends by an average of over twenty-four million dollars a year for the five years, though the year 1933 showed a decline when compared with 1928. The share going to the bondholder in interest rose steadily from an estimated 350 million dollars in 1928 to 419 million dollars in 1933, probably due in large measure to the increased borrowings of Canadian governments. On the other hand the net income of the Canadian farmer dropped from about 1,200 millions of dollars in 1928 to 430 millions in 1933.* Such figures leave no doubt that the Canadian farmers have suffered more severely in the depression period than any other group. An examination of the economic position and standard of living of the Western farmer brings further evidence in support of this conclusion, and shows how Western agriculture in particular has felt the full impact of the depression.

The low standard of living endured by the farmers on our Western plains can not be put down wholly to the fact that agriculture did not fully recover from the post-war depression; nor even to the fact that during the past five years the industry has suffered a price slump, the equal of which has never before been known. Having an important bearing on the farmer's social and economic position are the mode of settlement of the prairies, the kinds of soil, and the type of agriculture practised.

The prairies include three distinct soil zones, the plains, park and wooded. Approximately 60 per cent. of the settled area of the prairie provinces has plains soil, 30 per cent. park soil and the remaining 10 per cent., wooded. Each zone has good and poor soil although failures occur least often on the park soils. Farming enterprises are more diversified in park regions. On the plains 85 to 90 per cent. of the farmers' cash receipts commonly come from the sale of wheat alone.

Since the economy of the prairie provinces is definitely a wheat economy, wheat is the index to the standard of living there, and it is almost impossible to exaggerate the importance of that great staple crop in determining the social, economic and political life of these provinces. Cynical political observers

*These changes are conveniently summarized in a table in the *Canadian Forum*, July 1934, p. 386.

have even declared that the radicalism of the Western farmer varies inversely with the price of wheat.

The population of the prairie provinces is just under two and a half millions. Outside the five principal cities which account for 20 per cent. of the total, the remaining two millions or 80 per cent. of the population are more or less closely connected with agriculture either on the 288,000 farms or in the villages and larger market towns.

Instability of Income from Wheat

The precarious nature of this wheat economy is only too vividly illustrated by a study of the annual production statistics. Partial or almost complete crop failures were well known over many areas before 1931 and the farmer survived these disasters because his business could be adjusted to their occurrence. However, adjustment to the crop conditions of the past five years has been impossible; moreover, the recent situation has been rendered more difficult because short crops have been accompanied by extremely low prices.

In 1928 the prairie provinces harvested the largest wheat crop in their history—approximately 545 million bushels. The crops of subsequent years are as follows: 1929, 282 million bushels; 1930, 397 million bushels; 1931, 301 million bushels; 1932, 408 million bushels; 1933, 251 million bushels; 1934, 264 million bushels. A wheat crop of 400 million bushels has been generally thought of as constituting a "normal" crop for the prairie provinces. Not only have recent wheat crops been low in total volume but portions of Saskatchewan and Alberta have had no crop or only one crop in the last five years. The name "drought areas" has been attached to these regions which are located on the plains soil zone where the farmer's dependence on a wheat crop is so great.

This brings us to a consideration of what the Western farmer has been getting for his wheat, and in this connection, Dr. William Allen, head of the Farm Management Department at the University of Saskatchewan, speaking to the delegates to the World's Grain Exhibition and Conference at Regina in August, 1933, had some interesting figures to offer. "Since 1927," said Dr. Allen, "many adversities have come to the Canadian prairies. The crop of 1928 was a large one of very low grade, and the price per bushel was some 20 per cent. lower than the year before. The total farm value of this big crop was 424 million dollars, 21 million less than that of 1927. Since 1928 the total values of wheat crops have declined tremendously. The 1929 crop had rather less than 70 per cent. of the value of that of 1928; the 1930 crop, 44 per cent.; the small crop of 1931, 27 per cent.; and 1932, 28 per cent." The value of the short Western wheat crop in 1933 was about 26 per cent. and, despite a considerable improvement in price,

the 1934 crop does not promise to bring more than ⁷⁵ 35 per cent. of the value of the 1928 crop.

As Dr. Allen went on to point out, the prices received by farmers per bushel of wheat of all grades indicate the seriousness of the problem which has faced Western wheat producers for five years. After deducting certain fixed charges of about 20 cents a bushel for freight, elevator handling, services, commission and inspection, etc., the average farm price of wheat in 1928 was 78 cents per bushel; in 1929, \$1.03; in 1930, 47 cents; in 1931, 37 cents; in 1932, 29 cents; and in 1933, about 43 cents. Recent government statistics would appear to indicate that an average price of close to 55 cents a bushel may be expected for the 1934 wheat crop.

Repercussions on Other Parts of Canada

The low agricultural revenues of the last five years have had serious repercussions on the whole economic life of Canada. The price of the commodity which so vitally affects Western purchasing power has dropped more than twice as far as the price of consumer's commodities which the farmer must buy. As a result the Western farmer has been unable to make his usual purchases of clothing, tools, automobiles, machinery and building material. Hence, the retail and wholesale dealers on the prairies have been forced to reduce their orders for the manufactured products of Ontario and Quebec. In turn, the manufacturers of Ontario and Quebec have curtailed their output, discharged their employees and lowered wage rates, reduced their purchases of raw materials and in many cases reduced their dividend payments also.

As a result of the diminished buying power of farmers, the value of retail trade in the prairie provinces has declined as follows:

		Index number
1930	\$555,000,000	100.0
1931	\$429,000,000	77.3
1932	\$360,000,000	64.8
1933	\$333,000,000	60.0

In Eastern Canada it is difficult to trace the exact amount of unemployment immediately due to the collapse of the West, because farming in the East has suffered also, as well as mining, paper-making and other export industries. Probably the manufacture of farm implements is as good as any indicator of the disastrous results for workers and manufacturers in the industrial centres. Here is the record of output, payrolls and employment in this industry since 1928, which shows that it has shrunk to a sixth of its former output:

Agricultural Implement Industry

Year	Value Added by Manufacturing	Wages and Salaries Paid	Raw Materials Bought	Index of Employment
1928	\$23,600,000	\$13,600,000	\$17,600,000	100.0
1929	21,600,000	14,800,000	19,000,000	113.6
1930	15,500,000	9,600,000	11,300,000	66.1
1931	7,600,000	5,000,000	3,600,000	36.6
1932	3,600,000	3,100,000	1,900,000	25.5
1933				30.9
1934				40.1

The experience of other Eastern industries engaged in making automobiles and other types of household and farm equipment has been much the same. Furthermore, since fewer goods have been made and distributed, there has been less traffic for the railways and a larger railway deficit has naturally followed.

The Western farmers argue that if the Eastern manufactured goods which they buy were sold to them at a lower price, they could buy more of them with the same money, thereby creating more employment in the East and more business for the railways. This is perfectly true, and it follows that the Eastern manufacturers and wage earners are partly to blame for their own plight, in keeping up the selling prices of their goods and (in many cases) the wages of labour, out of line with the farmer's buying power†.

The Increased Burden of Debt

In addition to finding his ability to buy either consumer's goods* or new farm equipment drastically reduced, the Western farmer has been unable to meet his obligations. "The difficulties of the Saskatchewan wheat growers have never been greater than now," the Farm Management Department of the University of Saskatchewan reported in the spring of 1934. "Indebtedness continues to be a problem of general concern. To pay interest on the present farm debt of Saskatchewan would have required about four-fifths of all wheat available for sale from the 1933 crop; and for the payment of farm taxes two-fifths of this wheat. From our survey of last summer information is now available concerning the debt of 238 farm owners located in some of the oldest farming districts of Saskatchewan, operating about 44,000 acres of land, of which 37,000 acres were used for crops and summerfallow. Twelve of these farmers were free from debt, the remaining 226 having obligations amounting to one and three-quarter millions of dollars, and averaging \$7,686 per farm, or \$7,298 for the

†For an account of the relations between farming and manufacturing under modern industrialism in Canada, see pamphlet No. 2 of this series.

*Consumer's goods are articles entering into everyday household or personal consumption. Capital goods, sometimes called producer's goods, are machines, buildings, railways, etc., used in the processes of production.

238 farms. For the 238 farmers this debt averaged \$18.64 per acre of cropland. Since the summer of 1931, because of crop failures, the debt per farm had increased by \$1,414, or \$707 per farm per year. Most of this debt (77.3 per cent.) was associated with farm real estate, 39.3 per cent. being in agreements of sale, and 38 per cent. in farm mortgages. Chattel mortgages amounted to 2.7 per cent. of the total; implement debts, 3.1 per cent.; taxes unpaid, 3.3 per cent.; bank obligations, 3 per cent.; and miscellaneous debts, 10.6 per cent."

Any figures on increased debt must necessarily fall far short of telling the full story inasmuch as in them no account is taken of the heavy depreciation of farm equipment and the farm home. A year ago it was estimated that to restore the farms of the Province of Saskatchewan alone to the condition of 1929 would require the expenditure of at least 140 million dollars. This estimate did not include the replacement of either farm automobiles or worn-out motor trucks. The depreciation on every type of farm equipment has gone on just as rapidly in the past year.

The evidence advanced thus far is perhaps sufficient to show that, while considerable reductions have been made in costs of production, there is no justification for the statements which have frequently been made outside Western Canada that the wheat growers have been able to adjust their operations to produce wheat to sell at the prices prevailing over the past five years. The apparent reduction in costs has been made by ignoring depreciation and even necessary repairs and by reducing the standard of living of the farmer and his family to a subsistence basis.

Have Western Farmers Been Extravagant?

Despite misleading outward manifestations, the standard of living of the Western farmer has probably never been—by any civilized measurement—very high. A character now identified with Western mythology is the farmer who used to go to California for the winter. One pictured a vast exodus to warmer climates immediately the last bushel of wheat was in the elevator. Since probably less than one per cent. of the farmers have ever been beyond the Rockies, the Westerner is completely unable to account for the wide currency of the myth. The second charge of thriftlessness arose out of the automobiles which used to line both sides of the main street of every little prairie hamlet between Winnipeg and Peace River every Saturday night during the summer months. There is more tangible evidence in support of this charge and many individual instances of extravagance are undeniable. The most superficial examination would have revealed that the great majority of these cars were of the cheapest manufacture, while for the average farmer, they might be justly considered a

necessity rather than a luxury in a country of great distances and short seasons where time is frequently at so great a premium.

The excellent telephone service provided under public ownership in all the Prairie Provinces by a net-work of long distance and rural connecting lines, while inevitably entailing a large investment in plant, can be defended on the same grounds as the automobile. But in addition the rural telephone has been an important factor in breaking down the loneliness of Western farms. It has gone far to relieve the sense of social isolation which has naturally been one of the outstanding characteristics of large scale prairie agriculture, and has given a sense of security by linking up the remote farms with centres where medical or other assistance might be available when needed. Neither should the fact be overlooked that by facilitating rapid and effective organization, the rural telephone has played an important part in the growth and development of the co-operative movement in Western Canada.

Even before the depression the average farm home in Western Canada showed few signs of extravagance in the small cheaply-built frame house, the inexpensive but uncomfortably primitive heating system, the coal-oil and gasoline lamps, the cheap and inadequate furniture and the almost total lack of domestic conveniences. The clothing of the farmer and his family came from the local "general store" or the big mail order house and was chosen with a view to cheapness and utility, while in many farm homes flour sacks went far to supply the need for bed linen. A large part of the food was raised on the farm, giving a rude plenty of salt pork and eggs in summer and of frozen beef and potatoes in winter; fresh fruit was the greatest possible luxury, while farm children seldom saw oranges from one Christmas to another. Over wide areas medical facilities were poor and inadequate; after the prairie trails had disappeared, the roads, when once the traveller left a few half-graded dirt highways, must have been among the worst in the world; the cultural life of the farm community tended to continue as barren as that characteristic of all agrarian frontiers. Actually most of the wealth the Western farmer produced, when it did not go to pay high interest rates, went to improve his efficiency—or so he was told by everyone. It went to buy more and, perhaps generally, better equipment and to increase the size of his farm unit.

It has probably never been suggested that the moral fibre of the Ontario farmer has been weakened through the comforts and conveniences by which he is surrounded, but some rather interesting comparisons are suggested by the agricultural statistics contained in the last Dominion census. When the census was taken in the summer of 1931, a period of relative

prosperity enjoyed by Western agriculture had just drawn to a close. The census gives a total of 288,000 farms for the three Prairie Provinces and 192,000 for Ontario, and contains a brief record of farm facilities in all the provinces. Twenty minutes of applied mathematics reveals that 5,036 out of the 288,000 farms of the Prairie Provinces have water piped in the kitchen; or, reduced to more manageable proportions, that only one out of every 57.2 farms in Western Canada enjoys this convenience. In Ontario the corresponding ratio is one out of every 9.54. In the West one out of every 73 has water piped in the bathroom as compared with one out of 16 in Ontario, while one out of every 34 Western farm homes is lighted by gas or electricity in contrast with one out of 6 in Ontario. A special case can be made to justify the extensive use of the automobile and the telephone in the Western provinces to overcome the isolation of long distances and a scattered farm population. Yet, even here, Ontario had a comfortable margin. In proportion to farms, Ontario had more than twice as many rural telephones and 40 per cent. more rural automobiles than Western Canada. Of these automobiles, 4 out of 5 in Ontario, 4 out of 76 in Western Canada, may travel on paved or gravelled highways, or, to put it in another way, 20 per cent. of Ontario farms and 94.7 per cent. of all Western farms are located on dirt roads. Nor was the Western farmer as well housed as the Ontario farmer. The average value of buildings per farm in 1931 was: Ontario, \$2,534; Manitoba, \$1,631; Saskatchewan, \$1,640; Alberta, \$1,410. In the ten years' period (1921-1931), the average value of buildings per farm increased in Ontario while in each Prairie Province it decreased. Unfavourable as the above figures are to the prairies, they do not picture the true situation as regards the farm home. Observation indicates definitely that a higher percentage of farm building investments in Ontario is in the home.

So much for Western standards of living in the years before 1930. In 1934 the farmers go no more to California. The Ford car has become a horse-drawn vehicle. The rural telephone system is breaking down with staggering losses in the number of subscribers each year. Farm products (where there have been crops) supply an ever larger part of the farm diet. Clothing and home furnishings are worn bare after years of patching. Unrepaired houses aggravate a winter fuel problem which has always been acute on the prairie plains.

Disintegration of Municipal Services and Finance

Over wide areas of the Prairie Provinces the framework of rural life, as represented in its municipal institutions, shows signs of disintegration. Scores of rural municipalities and villages have defaulted in their debenture payments; in addition, hundreds of rural schools have also been unable to meet the

payment of their debentures. For instance, in Saskatchewan, the province hardest hit by drought, some official figures illustrate graphically how far the financial collapse had gone even by the end of 1932. At that time 828 rural school districts, 225 village school districts, and 48 town school districts were reported as in default to the debenture holders. At the same time the bank indebtedness of rural municipalities was \$8,379,548.97; the amount due schools, rural telephone companies, etc., for the requisition of taxes, amounted to \$8,120,615.71; the uncollected arrears of taxes plus the tax sale holdings (which must be added to get a correct statement of total arrears) amounted to \$30,368,345.82. Thus the total arrears at the end of 1932 were almost equal to two years' taxes on every acre of farm land in Saskatchewan and this despite the adoption of coercive measures of tax-collection in that year.

The position of the rural telephone companies in Saskatchewan shows how the area of default has widened from year to year since 1929:

	Total Coupons Payable (Principal and Interest)	No. of Companies in Default	Principal	Default Interest	Default Per Cent.
1929	\$1,867,041.02	3	\$ 420.37	\$ 135.13	.00297
1930	1,824,828.63	41	36,479.27	13,772.32	2.75
1931	1,768,519.50	278	299,416.78	105,386.15	22.889
1932	1,618,509.13	588	775,729.49	223,734.86	61.75

Of the present rural companies, 911 have had debenture issues and of these probably most of the 126 companies whose final levies have been made have also retired their debentures in full, so that it would appear that of the companies still carrying unpaid debentures nearly 75 per cent. were in default at the end of 1932, and the general position can scarcely have improved since that time. The total amount owing by the rural municipalities to the rural telephone companies on telephone tax levies more than covers the entire default, but, for the present at least, is uncollectable.

Apart from the problem of relief in the areas afflicted by drought the greatest struggle in the Prairie Provinces during the years of prolonged depression has been to keep the schools open. An increasing number of rural schools close for several months during the winter because (a) the school districts cannot meet heating costs, and (b) children have not sufficient warm clothes to go to school. The sacrifices demanded of the rural teacher require some mention, inasmuch as official statistics do not tell the whole story. A recent report of the Dominion Bureau of Statistics shows that rural teachers in Manitoba have taken a 33 per cent. cut in salary in the two-year period, 1931 to 1933. In Saskatchewan and Alberta, salary cuts have been fully as great, while in addition a great many teachers have had to teach for \$100 to \$200 a year

in cash, being forced to take the remainder of their too small salary in school district notes. Since teachers affirm that there is generally no way of discounting these notes, even at 50 per cent., their usefulness at the present time is definitely limited.

Next to the farm home and the rural school, the institution which shows most clearly the impact of depression is the rural telephone. Every effort has been made by the various provincial government systems and connecting telephone companies to stem the loss of rural telephones, and it may be generally assumed that the rural subscriber in Western Canada gives up telephone service very reluctantly. Yet, between 1928 and 1933, the number of rural telephones in Manitoba declined from 13,205 to 8,365—a loss of more than 36 per cent. Saskatchewan, with its great network of rural lines, shows a loss of nearly 30,000 farm telephones, or more than 40 per cent. of the total in the last five years. In the third Prairie Province the loss has been even greater, since Alberta Government Telephones report that the number of rural telephone subscribers declined from 21,269 in 1928 to 10,162 in 1933—a drop of 52 per cent.

Necessity for Relief Expenditures

The comparative extent of destitution in different sections of Canada can be determined in some measure by reviewing the Federal contributions to relief. The revenues of the provincial governments in Western Canada shrank rapidly with the catastrophic collapse of wheat prices and the repeated crop failures in many parts of the West, while demands for assistance and relief grew steadily. Educational grants and necessary social services have been either greatly reduced or completely abolished. The Federal Government has made substantial contributions to direct relief and for agricultural rehabilitation—Saskatchewan alone has received over 20 million dollars for these purposes. In addition, the Prairie Provinces have been forced to call on the Dominion Treasury for loans, which by October, 1934, amounted to nearly \$60,000,000. At that time the total loans made to all provinces was less than \$72,000,000.

It may be necessary here to point out that the enormous problem of relief cannot be attributed entirely to the vagaries of nature. It is difficult, if not impossible, to separate the problems of drought relief and low prices. It is significant that a considerable section of the drought area in 1933 was north and west of that which was so severely hit in 1930 and 1931 and had enjoyed at least average crops for several years. Normally the amount of government relief required in such areas would have been small, but four years of disastrous prices found every reserve exhausted, and consequently even one partial crop failure meant complete destitution. The same reasoning holds for some of the districts experiencing crop

failure in 1934, and the relief needs for 1934-35 will probably be as great as for any year in the past. The requirements for livestock feed and fodder will be greater than in any previous year despite the fact that thousands of head of cattle were shipped unfinished to market or were shipped into northern areas where feed is plentiful. Saskatchewan is now (1934) getting \$200,000 per month from the Dominion Government for direct relief and has asked for over nine million dollars of Federal aid for extraordinary relief expenditures, chiefly in drought areas.

It would be quite incorrect to assume that governments have been left to bear the burden of relief unaided. — Every year hundreds of carloads of fruit and vegetables received from various parts of Canada, together with large quantities of fuel, clothing and other necessities have been distributed by church organizations and voluntary relief committees. The generosity of these contributions can be gauged from the fact that at the beginning of December the Saskatchewan Voluntary Rural Relief Committee reported the distribution of 324 carloads of fruit and vegetables this season.

Profits from Land Speculation vs. Profits from Efficiency

Much of the prosperity the West has enjoyed in the past appears to have been crystallized in appreciation of land values. Farmers profited from selling land rather than from selling wheat. All this is ended. The index of the value of farm land, one of the most slowly moving of all indexes, has dropped from 100 for 1926 to 64 for 1932-33. Profits, if they are ever to be realized again, must be made from effective production and sale of farm commodities, rather than from land speculation. A real barrier to low cost production is the present debt, much of which was contracted in terms of \$1.50 wheat and comparative prices for other products. To pay the yearly interest requires approximately one dollar per acre of cropland. To reduce the principal effectively would require at least another dollar per acre of cropland. Debt payment of worth while proportions is entirely out of the question when the farm income per acre of cropland varies between \$2 and \$6 as it has in recent years.

The claim often made that the five years of depression has increased the efficiency of farm operation and the productivity of labour in Western Canada is largely without sound basis. The cash operating costs have been reduced, but along with this reduction has gone as great a reduction in the efficiency in the use of labour and equipment. Among the factors which have contributed to a decline in labour efficiency are the inadequate upkeep and replacement of farm machinery and horse power, the sowing of seed of a quality which would not be used in normal times, the retention of poor animals

and breeds and the inability to go ahead with the progressive building up of herds and flocks. Poor sheltering and feeding of animals have reduced their efficiency in a ratio greater than that by which cash costs for feed and buildings have been reduced. Contributing toward an increase in efficiency have been the lowered cash costs and the definitely improved management of which there is evidence. On the whole losses in labour and operating efficiency have overbalanced gains because in his inability to keep equipment and animals in good shape and in his striving to raise his cash income the operator now has a farm which lacks a balance between the land, labour, machinery and livestock contributing to production and which has suffered from his inability to maintain ordinary standards of cultivation.

The only farmers whose lot has been tolerable during the last five years are the ones who were free, or almost free, of debt and resident in a district which has not had repeated crop failures. The first qualification eliminates around 80 per cent. of all Western farmers and the second about 30 per cent. of the remainder.

Government Measures for Rehabilitation

For the rehabilitation of Western agriculture many schemes have been advanced but little progress has been made. The past three years have seen partially successful attempts to prevent a chaotic disintegration seizing the industry. The Federal Government has entered the wheat market as a stabilizing influence and has resisted speculative movements tending to drive down wheat prices. Provincial administrations have passed debt adjustment legislation which has undoubtedly given the farmer some security of tenure. This has been accomplished generally by refusing a creditor the use of the machinery of the courts for the collection of debts unless the creditor first secured permission from the Provincial Debt Adjustment Board. The Federal farm debt measure of 1934, the Farmers' Creditors Arrangement Act, provides for voluntary agreement to scale down debt and, failing such agreement, the debtor may place his case before a provincial board of review which, after investigating the case, may adjust the debt principal and terms of payment. After two months of operation of the act it has been stated that probably 90 per cent. of the cases will have to go before the provincial boards of review, as settlements which are satisfactory to the debtor are very seldom approved by the creditor. The Provincial Board of Review, as at present constituted, will not be able to handle more than a small percentage of the applications. Unless the legislation becomes more positive in nature or the Federal Government pours large sums of money into the refinancing of farm mortgages and other farm indebtedness at lower rates of interest, really important benefits

which may accrue from debt adjustment schemes are yet to be found.

The tax arrears consolidation laws of the provincial governments are admirable pieces of legislation, but have not yet meant anything real to the farmers whom they purpose to aid, due to the fact that the majority of farmers with tax arrears are in no position to pay them.

The Federal Agricultural Products Marketing Act is an expression of a desire on the part of our legislators to improve the economic position of the farmer. If the economist could, after a review of the history of monopolistic national marketing schemes, point to even a few which have, over a period of years, brought satisfactory results, the future of Canada's new plan would appear brighter. One factor which makes the chances of success more likely is the fact that all schemes must be approved by a board composed of an exceptionally able personnel.

The Problem of Sub-Marginal Land

The continuance of farming on our Western plains in family-sized farm units with a reasonable standard of living is dependent on a realignment of farm prices and debts and on the satisfactory solution to the sub-marginal* land problem. The policy of agricultural expansion in this country, as in the United States, has been an indiscriminate one and has included the use of land of poor as well as of good quality. The Western agricultural area is not composed wholly of land which will produce at reasonable cost. It contains a great deal of land which, while it contributes to the agricultural surplus, yields no profit to the operator and often a very meagre return for labour.

Considerable abandonment of land in southern Saskatchewan and Alberta since the war and unwise settlement of parts of our wooded soils indicate that we have too long continued the policy of undirected and often wasteful use of land. If the agricultural depression which grips us now has done nothing else, it certainly has directed the public eye toward the economic position of agriculture, and has resulted in clamours for new governmental action to correct some of the more glaring errors in our systems of land settlement and land use.

A recent farm management investigation in Saskatchewan placed each soil type of the settled area of the province in one of six productivity groups, according to its ability to produce wheat. The work was based upon a recently completed soil survey. The following table gives the percentage of the

*Sub-marginal land is land which cannot, under even normal conditions, be profitably cultivated, owing to inadequate rainfall, poor soil or distance from the market. Marginal land is land which it is only just worth while to cultivate, over a long period.

settled area of the province which was placed in each group. The study covered some 95,000 square miles.

Productivity Group	Percentage of Settled Area of Saskatchewan
1. Best wheat lands	7.1%
2. Very good wheat lands	5.9%
3. Moderately good wheat lands	16.9%
4. Fair wheat land	25.4%
5. Poor wheat land	18.5%
6. Very poor wheat land	26.2%

Group 4 is considered to be just fair wheat land, while the land placed in Groups 5 and 6 will not give yields sufficient to pay costs and maintain the farm family reasonably well even with normal prices for wheat. Nearly one-half of the soils of settled Saskatchewan fall into the last two groups. By no means all of this land is cultivated, but a portion of it is, and it is on such sub-marginal land that the farm problem is most acute. Farmers in these areas cannot make progress even in good times when prices are high and recently, with continued crop failures and low prices, have depended year after year on government and other relief.

The problem of sub-marginal land in the West is receiving more and more attention and there seems little doubt that a program of research will be launched, the purpose of which will be to investigate aids in solving one of the most serious of our agricultural problems. It is as advantageous to governments as to the operators concerned that some more satisfactory use be made of our poor land, for these regions have been dependent on government for at least five years, not only for relief for the farm families, but also for the continuance of their farming operations through provision of seed and other necessities.

During the past five years there has been considerable abandonment of land in the south and central part of the Province of Saskatchewan. This has had serious consequences in disorganizing municipal units and has impaired the functioning of municipal institutions. Unfortunately, good as well as poor land has been abandoned, as thousands of farmers have trekked north to take up land in the wooded soil zone. Much of this new land may well prove sub-marginal while, in any event, scarcity of capital and the difficulty of getting this type of land under cultivation condemn the new settlers to subsistence homesteads for a long time. With over five thousand families on relief on the new northern frontier government officials have become thoroughly alarmed at the prospect of repeating the tragedy of the south all over again. Thus the problems involved in abandonment and re-settlement are by no means simple. Any proposal to deliberately change the land-use pattern of our Western provinces must face the social

and economic consequences of such a move. If a government determines upon the acquisition of sub-marginal lands and their abandonment or a change from cereal farming to ranching or range it would appear wise to make the start where government already has a vested interest in the land through the accumulation of arrears of taxes.

While it would probably be in the general interest to withdraw certain lands from wheat growing permanently, the amount of land which can be vacated and the size of population to be moved out are limited by the opportunities for absorbing the displaced man-power elsewhere. It is hard to see how alternative employment could be found for that large proportion (almost half) of the farm population of Saskatchewan which occupies the "poor" and "very poor" wheat lands mentioned above. If no alternative can be found we are forced to the conclusion that only the very worst lands can be vacated wisely. Wheat farming must continue on the remaining land, poor though some of it may be.

The Problem of Reorganizing the Individual Farm

Granted, then, that most wheat farmers must remain on their land, and granted, too, that their burden of debt and tax arrears has been lightened, what can the individual farmer do to adjust himself to continued low prices? There are several alternatives open to him.

Reduce the standard of living? But the existence of a margin above subsistence might well be disputed now, especially since there is an irreducible minimum of clothing and shelter in a climate like that of Western Canada. Reduce costs of production? This is an attractive theory somewhat difficult to translate into reality. More mechanization? But this increases cash costs which are not being met now, and even if the advantages could be proved, the farmer could not get the money. Though the advantages of the grain truck and the cheaper tractor in normal years are not in dispute, the not entirely satisfactory experience with the combined harvester-thresher and other types of expensive farm machinery may dictate something in the nature of a retreat from mechanization. Artificial fertilizers can scarcely be considered out of the experimental stage and, if they were, are open to the at present fatal objection that their use involves an increase in cash costs. Any gains from improved technique are likely to be more than offset by increasing costs from soil-drifting, soil-exhaustion, weed-infestation, plant diseases and insect pests—all heightened in many areas by the presence of weed-grown abandoned farms and the inability of farmers to maintain ordinary standards of cultivation.

Diversification of farm enterprises or "mixed farming" would not merit consideration if it were not for the wide vogue this ancient panacea apparently still enjoys outside, and even

to some extent within, Western Canada. As a possible readjustment, diversification is entirely out of the question in most of the areas which are suffering from frequent crop failures. Moisture conditions will support only cereal farming even on the heavier types of soil of the short grass plains. "Mixed farming", requiring large quantities of water for stock and making necessary the growth of considerable hay and pasture crops, is not possible in these regions. To get a patch of clovers or tame grasses is very difficult and the yields are disappointing if there is not a good rainfall well distributed. Over a large part of the Prairie Provinces it is wheat or nothing.

On the whole, then, the adjustments which the individual farmer can be expected to make are few. Probably the chief adjustment for many will be to accept (for the time being at least) an even lower standard of living than at present, to revert toward the condition of a central European peasant without enjoying the stability of income and the social amenities which are the compensations of peasant life in European lands.

The Effects of Farm Poverty Upon Eastern Canada: Is the Present Condition Likely to Continue?

The implications for Eastern Canada are serious. A permanently lower standard of living in the West means a smaller demand for manufactured products. This in turn means smaller production, more unemployment and a lower average standard of living in the East. In other words, if Western farmers cannot trade profitably with the world, Eastern manufacturers cannot trade profitably with the West, at any rate until they, too, have gone through a period of price reduction, debt adjustment and wage and tax reduction far more drastic than anything hitherto effected. Such a reduction of their costs would make it possible to sell goods to farmers at much lower prices, and this would revive trade between town and country to the benefit of everyone.

Perhaps the reader may object that the present low prices for wheat are only temporary, that the writer is unduly pessimistic, being too much influenced by the present abnormal circumstances. But are they really abnormal? In addition to the general lowness of all commodity prices, the chief obstacle to a higher price for wheat lies in the policy of Germany, France and Italy. Formerly they consumed seven-tenths of the Canadian wheat used in Europe. Now they are growing almost all their own wheat at a high cost, in order to render themselves independent of foreign food supplies for military reasons. The market for Canadian wheat has shrunk accordingly, and prices are lower than they would have been if this were a "normal" business depression. There is no reason to believe that the warlike policies of European countries are

temporary and therefore abnormal. In Europe, warfare and preparedness for war seem to be the one thing which is normal in our generation.

Furthermore, the growth of European population is not as rapid as formerly. Indeed, before many years the population of the great importing countries will probably be diminishing. As a result the "normal" European market of the future is not likely to grow steadily as it did up to the end of the war. As for the Orient, the prospects of a large demand from that source are remote. Again, there is good reason to believe that Canada's high grade hard wheat is no longer as necessary as it used to be in the making of good bread, and that the additional price which can be secured on the ground of quality may not be as high in the future as in the past.

For all these reasons, it seems sensible to count on narrow markets and unsatisfactory prices for wheat for some time to come. In view of the limited scope for adjustment on the prairies, due to the absence of profitable alternatives to wheat growing, and the limits to cost reduction on the farm itself, it is imperative that the greatest possible adjustment should be made in the taxes (especially customs duties) imposed by governments, in the freight rates charged by railways and in the prices of manufactured goods which the farmer buys. When all is said and done, it is much easier to adjust prices and even contracts to a changed situation, than it is to evacuate half a province and close down a great industry, sending the people to goodness knows where. It is easier still, however, for those who are not themselves feeling the dull weight of poverty to let the situation drift on, until a new backwash of rural slums and an impoverished peasantry have begun to appear in the affected areas.

ADDITIONAL READING MATTER

PAMPHLETS AND ARTICLES

- To be had from the Social Service Council of Canada, 37 Bloor Street West, Toronto, uniform with this pamphlet:
The Industrial Revolution in Canada, by Miss I. M. Biss.
The Canadian Farmer and the Machine Age, by W. M. Drummond.
The Canadian Wage-Earner in the Machine Age, by D. C. MacGregor.
Dividends and the Depression, by E. A. Forsey, League for Social Reconstruction, Toronto, 25c.
The Wheat Problem, by D. A. MacGibbon, University of Toronto Quarterly, January, 1934.
The Future of the Canadian Export Trade in Wheat, by D. D. MacGibbon. Contributions to Canadian Economics, Vol. V, University of Toronto Studies, 1932.
The Economic Status of Wheat Production in Western Canada, by Wm. Allen, and Some Economic Effects of Mechanization of Canadian Agriculture with Particular Reference to the Spring Wheat Area, by J. F. Booth—both in Proceedings of the World's Grain Exhibition and Conference, Regina, 1933.
The Farm Outlook for Saskatchewan, 1934, by Wm. Allen and E. C. Hope, Dept. of Farm Management, University of Saskatchewan, Saskatoon.

BOOKS

- The Canadian Economy and Its Problems, by H. A. Innis (et al), Canadian Institute of International Affairs, 43 St. George St., Toronto, 1934.
Problems of Staple Production in Canada, by H. A. Innis, The Ryerson Press, Toronto, 1933, (especially Part I, Ch. V., Sec. A; Ch. IV, Sec. A; Ch. V, Sec. A).
Canada, by Alexander Brady, Macmillan, 1932.
Wheat, by W. W. Swanson and P. C. Armstrong, Macmillan, 1930.
Grain Growers' Co-operation in Western Canada, by H. S. Patton, Harvard University Press, 1928.
Deep Furrows, by Hopkins Moorhouse, McLeod, 1918.
Our Daily Bread, by F. P. Grove, Macmillan, 1928, (a novel).
Canadian Frontiers of Settlement Series. (Macmillan, 1935).
Vol. I—Prairie Settlement, by W. A. Mackintosh.
Vol. II—History of Prairie Settlement and Dominion Land Policy, by A. S. Morton and Chester Martin.
Vol. IV—Economic Problems of the Prairie Provinces, by W. A. Mackintosh, assisted by Professors Clark, Swanson and Elliott.